



PWYLLGOR ADNODDAU CYNALIADWY SUSTAINABLE RESOURCES COMMITTEE

DYDDIAD Y CYFARFOD: DATE OF MEETING:	25 April 2022
TEITL YR ADRODDIAD: TITLE OF REPORT:	Finance Report – Month 12 2021/22
CYFARWYDDWR ARWEINIOL: LEAD DIRECTOR:	Huw Thomas, Director of Finance
SWYDDOG ADRODD: REPORTING OFFICER:	Rebecca Hayes, Senior Finance Business Partner

Pwrpas yr Adroddiad (dewiswch fel yn addas)

Purpose of the Report (select as appropriate)

Ar Gyfer Trafodaeth/For Discussion

ADRODDIAD SCAA

SBAR REPORT

Sefyllfa / Situation

The purpose of the report, attached at Appendix 1, is to outline Hywel Dda University Health Board's (HDdUHB) financial position to the end of the financial year 2021/22 against the Annual Plan. This result is subject to the closure and submission, to Welsh Government (WG), of the final accounts for 2021-22 and the subsequent audit by Audit Wales.

The monthly reporting to WG is in the process of being compiled for submission on 25th April 2022; the full submission will be included within the next Board and Sustainable Resources Committee meetings following submission to WG.

Cefndir / Background

HDdUHB's Financial Plan is to deliver a deficit of £25.0m, after savings of £16.1m. This is following WG guidance to anticipate £32.4m of funding to non-recurrently offset the underlying position brought forward from 2020/21.

Month 12 position

- Following WG issuing £32.4m of non-recurrent funding, the deficit for the year has been reduced from £57.4m to £25.0m;
- The additional costs incurred in Month 12 due to the impact of the COVID-19 pandemic is £13.9m (Month 11, £8.7m). The primary reason for the increase in COVID-19 expenditure from Month 11 is due to the acceleration in the delivery of the Health Board's Elective Recovery Plans (£1.0m) and associated waiting list validation contract (£1.0m) and the purchase of Digital scanning services, electronic document management system and backlog equipment replacement as part of the Elective Recovery Plan strategic investments (£2.0m);
- The Month 12 Health Board financial position is breakeven against a deficit plan of £2.1m, after utilising WG funding for COVID-19, having offset cost reductions recognised due to reduced operational activity levels.

Asesiad / Assessment

The Health Board's key targets are as follows:

- Revenue: to contain the overspend within the Health Board's planned deficit
- Savings: to deliver savings plans to enable the revenue budget to be achieved
- Capital: to contain expenditure within the agreed limit
- Public Sector Payment Policy (PSPP): to pay 95% of Non-NHS invoices within 30 days of receipt of a valid invoice
- Cash: While there is no prescribed limit for cash held at the end of the month, WG encourages this to be minimised and a rule of thumb of 5% of monthly expenditure is used. For the Health Board, this is broadly £4.0m.

Key target		Annual limit	Actual delivery
Revenue	£'m	25.0	25.0
Savings	£'m	16.1	11.9
Capital	£'m	61.7	61.6
Non-NHS PSPP	%	95.0	95.2
Period end cash	£'m	4.0	1.9

Argymhelliad / Recommendation

The Sustainable Resources Committee is asked to note and discuss the financial position as at Month 12.

Amcanion: (rhaid cwblhau)

Objectives: (must be completed)

Committee ToR Reference:
Cyfeirnod Cylch Gorchwyl y Pwyllgor:

4.5 Provide assurance on financial performance and delivery against Health Board financial plans and objectives and, on financial control, giving early warning on potential performance issues and making recommendations for action to continuously improve the financial position of the organisation, focusing in detail on specific issues where financial performance is showing deterioration or there are areas of concern.

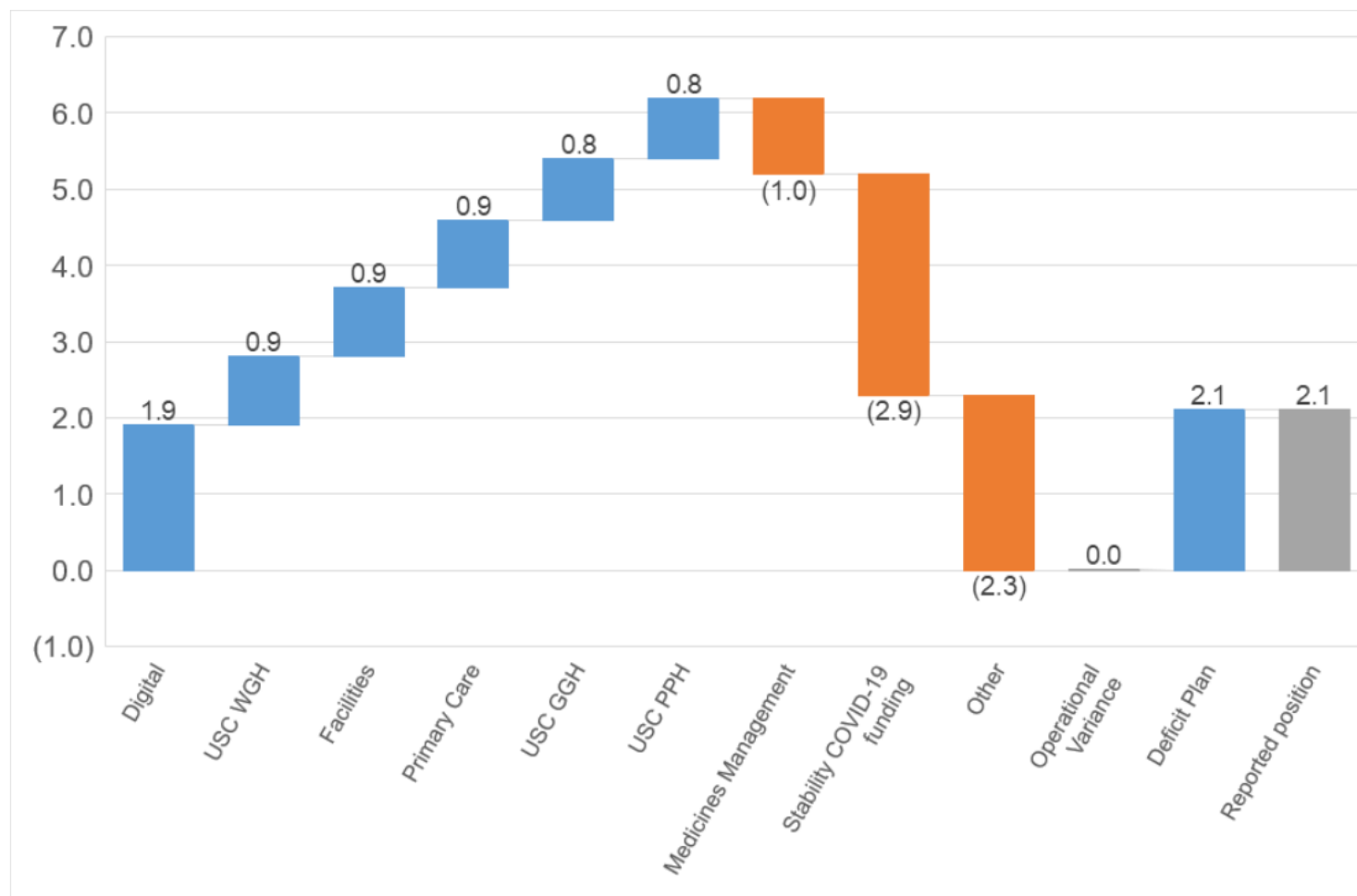
Cyfeirnod Cofrestr Risg Datix a Sgôr
Cyfredol:

1296 (score 8) Ability to deliver the Financial Plan for 2021/22 – now closed and to be replaced by a new risk assessment for 2022/23

Datix Risk Register Reference and Score:	1297 (score 20) The underlying deficit increasing to a level not addressed by medium term funding 1199 (score 16) Achieving financial sustainability.
Safon(au) Gofal ac Iechyd: Health and Care Standard(s):	5. Timely Care 7. Staff and Resources
Amcanion Strategol y BIP: UHB Strategic Objectives:	All Strategic Objectives are applicable
Amcanion Llesiant BIP: UHB Well-being Objectives: Hyperlink to HDdUHB Well-being Objectives Annual Report 2018-2019	4. Improve Population Health through prevention and early intervention, supporting people to live happy and healthy lives

Gwybodaeth Ychwanegol: Further Information:	
Ar sail tystiolaeth: Evidence Base:	Monitoring returns to Welsh Government based on HDdUHB's financial reporting system.
Rhestr Termiau: Glossary of Terms:	BGH – Bronglais General Hospital CHC – Continuing Healthcare FNC – Funded Nursing Care FYE – Full Year Effect GGH – Glangwili General Hospital GMS – General Medical Services MHLD – Mental Health & Learning Disabilities NICE – National Institute for Health and Care Excellence OOH – Out of Hours PPH – Prince Philip Hospital PSPP – Public Sector Payment Policy RTT – Referral to Treatment Time T&O – Trauma & Orthopaedics WG – Welsh Government WGH – Worthybush General Hospital WRP – Welsh Risk Pool WHSSC – Welsh Health Specialised Services Committee YTD – Year to date
Partïon / Pwyllgorau â ymgynhorwyd ymlaen llaw y Pwyllgor Adnoddau Cynaliadwy: Parties / Committees consulted prior to Sustainable Resources Committee:	Finance Team Management Team Executive Team

Effaith: (rhaid cwblhau) Impact: (must be completed)	
Ariannol / Gwerth am Arian: Financial / Service:	Financial implications are inherent within the report.
Ansawdd / Gofal Claf: Quality / Patient Care:	The impact on patient care is assessed within the savings schemes.
Gweithlu: Workforce:	The report considers the financial implications of our workforce.
Risg: Risk:	Financial risks are detailed in the report.
Cyfreithiol: Legal:	HDdUHB has a legal duty to deliver a breakeven financial position over a rolling three-year basis and an administrative requirement to operate within its budget within any given financial year.
Enw Da: Reputational:	Adverse variance against HDdUHB's financial plan will affect its reputation with Welsh Government, Audit Wales, and with external stakeholders.
Gyfrinachedd: Privacy:	Not applicable.
Cydraddoldeb: Equality:	Not applicable.



The release of £2.9m of Stability funding was £0.9m less than non-programme COVID-19 costs incurred.

Programme funding relates to the following in response to COVID-19 match-funded by Welsh Government:

- Test, Trace, Protect (TTP) Programme
- COVID-19 mass vaccination programme
- Adult Social Care Provider Support
- Enhanced Cleaning Standards
- Personal Protective Equipment (PPE)
- Extended Flu

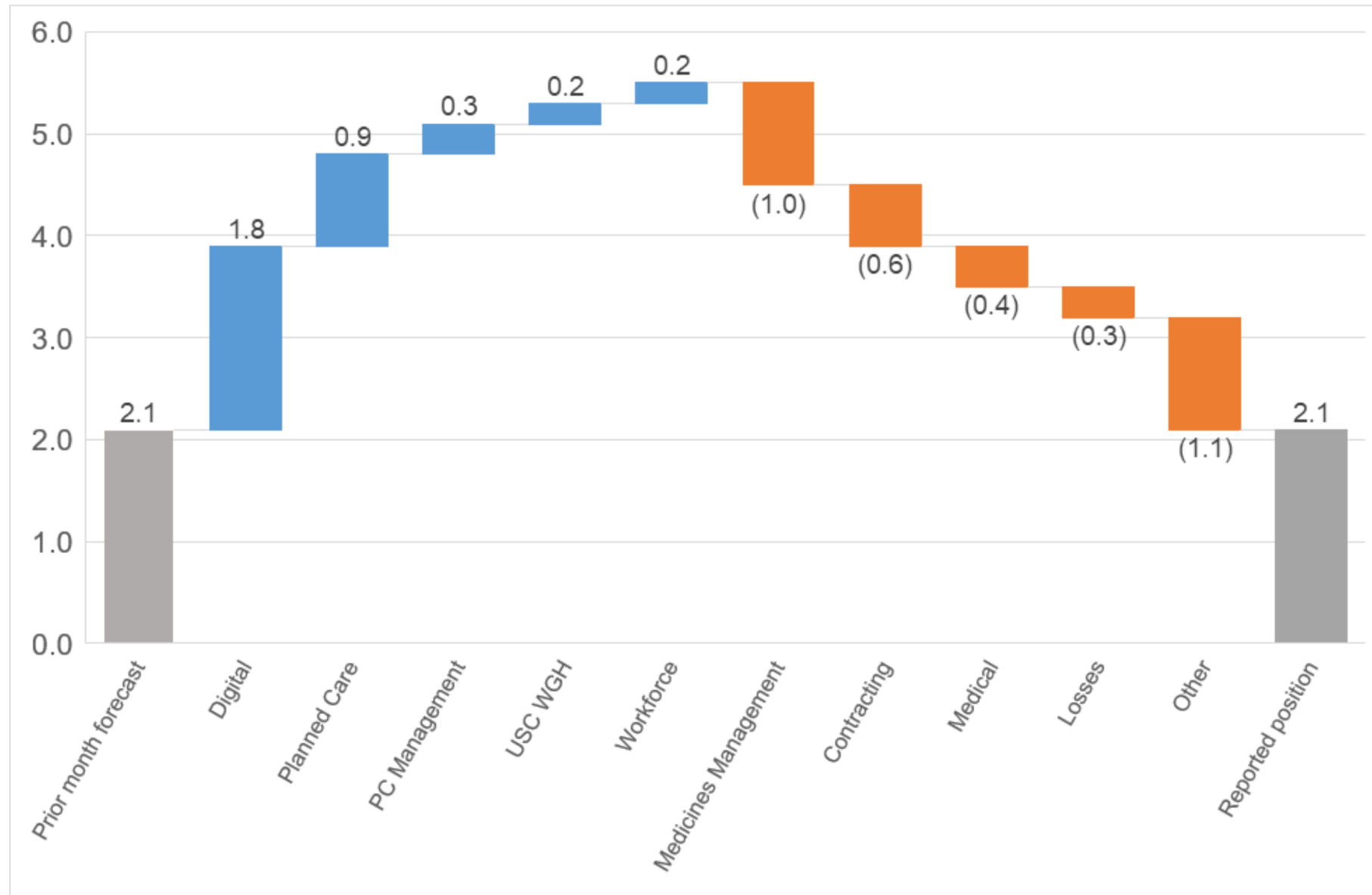
£2.1m was released to match costs in Month 12.

Directorate	Non COVID-19	COVID-19	Total	Operational Driver
Digital	1.9	0.0	1.9	Non COVID-19: Overspend on Pay £80k Agency Fees £200k - due to Purchase Order (PO)/invoicing issues. Mobile Phone Charges £210k - due to backlog on invoicing. Additional expenditure agreed after M11 Forecast - £750k (Social Prescribing software, Microsoft E5 Security, Computer Generated Imagery (CGI) Virtual Hospital Model). Income over accruals M11 £365k. Miscoded Invoice to Research & Development £185k.
Unscheduled Care (USC) Withybush General Hospital (WGH)	0.7	0.2	0.9	Non COVID-19: Vacancies has driven a Nursing cost pressure above variable pay funding of £218k, Health Care Support Worker (HCSW) overspend of £200k (bank) and pay funding adjustments £103k offset by Medical & Dental underspend £-34k. Further impacted by Clinical Service & Supplies £70k and £29k various other non-pay overspends. COVID-19: The main costs are Nursing, £80k (agency and fixed term staff) and Additional Clinical Services £56k (HCSW bank and fixed term staff). Medical & Dental COVID-19 costs were £19k driven by 4wte Junior doctors charged to COVID-19.
Facilities	0.5	0.4	0.9	Non COVID-19: Over achievement of income £(0.8)m mainly due to NHS Wales Shared Services Partnership (NWSSP) recharge for laundry. Non pay overspend relating to invoices for laundry £0.8m, utilities £0.1m, Agile working and de-carb work £0.1m, Provisions £0.1m and Postage £0.1m. Balance on committed works/ maintenance offset by vacancies in Porter and Domestic roles. COVID-19: Non Pay primarily due to maintenance and materials for remediations £0.1m and balance relates to additional laundry. Pay of £0.2m relates to additional staff required for enhanced cleaning schedules.

Month 12 In-Month 2021/22: Key drivers (£'m)

Directorate	Non COVID-19	COVID-19	Total	Operational Driver
Primary Care	0.8	0.1	0.9	Non COVID-19: Overspends as result of Dental £130k (Dental Contract payments), Community Pharmacy £88k (Improvement Grants paid to Pharmacies), and Other Primary Care Services £624k (Cluster project in month overspends as a result of increased delivery in month 12). COVID-19: £192k Primary Care Recovery Plan.
USC Glangwili General Hospital (GGH)	0.7	0.1	0.8	Non COVID-19: Pay £624k – Additional Clinical Services(ACS) £267k & Nursing £311k & M&D £35k. Non Pay costs £142k - Drugs £108k & Premises & Fixed Plant £16k. COVID-19: HCSW £17k fixed term staff recruited through workforce. Registered Nurse (RN) agency costs £32k and Drugs cost £8.8k also relating to Padarn Ward. Medical and Dental locum staff £34k covering the medical wards converted from surgical due to COVID-19.
USC Prince Philip Hospital (PPH)	0.6	0.2	0.8	Non COVID-19: Pay £399k - ACS £163k & Nursing £188k & M&D £36k. Non Pay £140k - Clinical Supplies £105k & Drugs £19k. COVID-19: £15k HCSW mainly fixed term staff recruited through workforce, £18k Surge Bed capacity & £11k relating to Acute Medical Assessment Unit (AMAU). RN costs associated with £18k surge bed capacity and £41k relating to AMAU. £112k of Homecare drugs.
Medicines Management	(1.4)	0.4	(1.0)	Non COVID-19: Reduction in baseline drugs costs and significant rebates. COVID-19: Continuation of the Prescribing costs attributed to COVID-19 being the ongoing effect of the price increases which occurred in April 2020.

Month 12 In-Month 2021/22: Deviation from forecast (£'m)

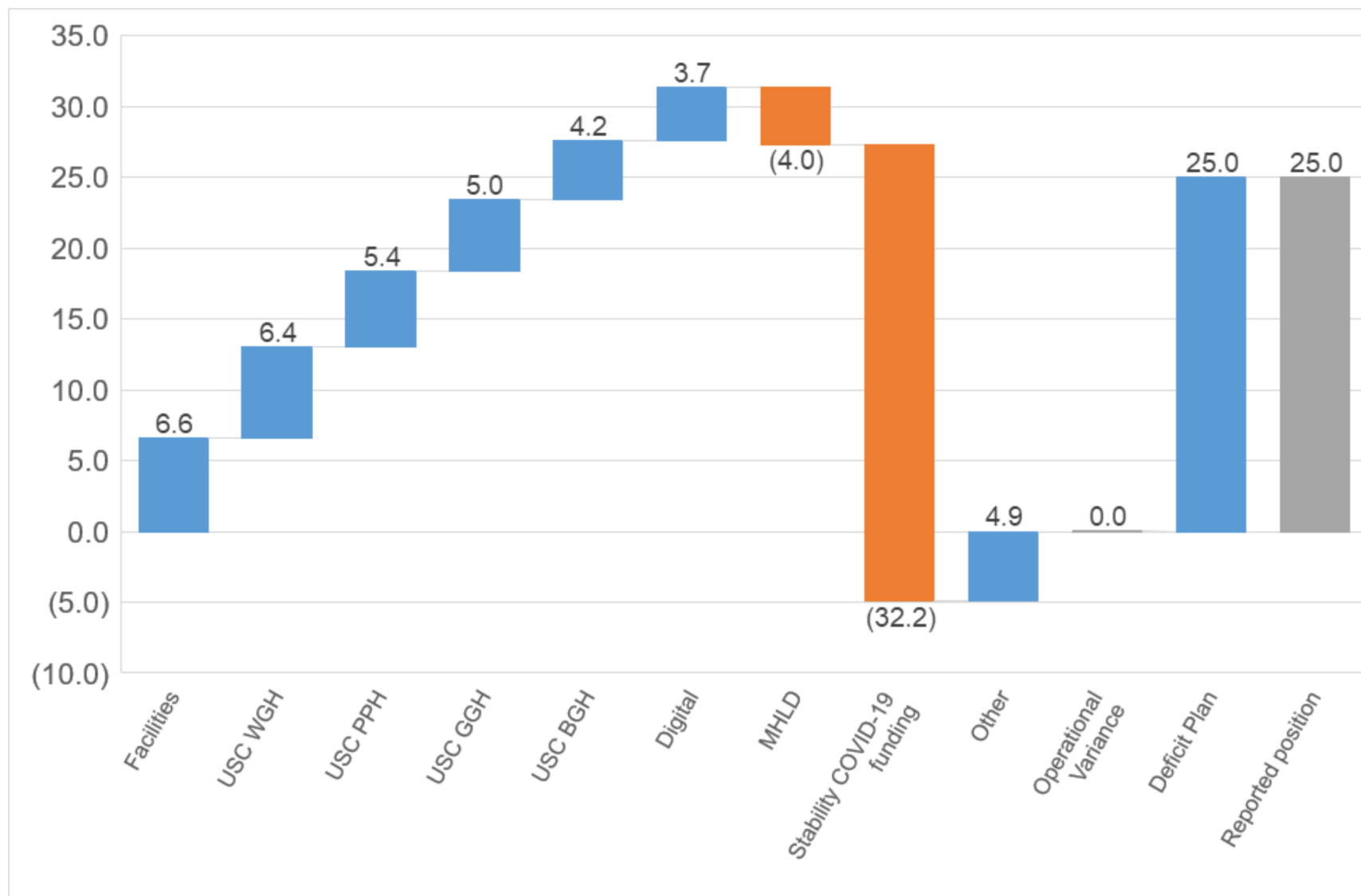


Month 12 In-Month 2021/22: Deviation from forecast (£'m)

Directorate	Non COVID-19	COVID-19	Total	Operational Driver
Digital	1.8	0.0	1.8	Non COVID-19: Agency Fees £200k due to PO/invoicing issues. Mobile Phone Charges £210k - due to backlog on invoicing. Additional expenditure agreed after M11 Forecast - £750k (Social Prescribing software, Microsoft E5 Security, CGI Virtual Hospital Model). Income over accruals M11 - £365k Miscoded Invoice to R&D £185k.
Planned Care	0.9	0.0	0.9	Non COVID-19: £855k relates to consignment stock with the balance relating to the stocking up of theatre consumables in readiness for the relaxation of COVID-19 restrictions, some of which relates to the demountable theatre.
Primary Care Management	0.0	0.3	0.3	COVID-19: Primary Care Recovery Plan.
USC WGH	0.2	0.0	0.2	Non COVID-19: £103k increase variable Nursing Agency & HCSW Bank costs against forecast, further impacted by increase £18k Nursing costs, £39k Drugs costs against Trend (as a result of high cost drugs Vedolizumab, Ustekinumab, Obeticholic and Adalimumab), and maintenance costs from NHS Supply Chain £33k not forecasted.

Month 12 In-Month 2021/22: Deviation from forecast (£'m)

Directorate	Non COVID-19	COVID-19	Total	Operational Driver
Workforce	0.2	0.0	0.2	Non COVID-19: Additional International Recruitment of Nurses All-Wales programme.
Medicines Management	(1.0)	0.0	(1.0)	Non COVID-19: Based on most recent cost per item for PARS which is 17p lower than previous forecast. Significant rebates received not previously forecast.
Contracting	(0.6)	0.0	(0.6)	Non COVID-19: Retrospective CHC review adjustment.
Medical	(0.4)	0.0	(0.4)	Non COVID-19: Doctors' scrubs costs below forecast.
Losses	(0.3)	0.0	(0.3)	Non COVID-19: Recognition of End of Year losses as per the latest quantum received from Welsh Risk Pool.



This result is subject to the closure and submission, to Welsh Government, of the final accounts for 2021-22 and the subsequent audit by Audit Wales.

Month 12 EoY 2021/22: Key drivers (£'m)

Directorate	Non COVID-19	COVID-19	Total	Operational Driver
Facilities	0.9	5.7	6.6	<p>Non COVID-19: Overachievement of (£0.25m) Compass increase in year, plus additional design fees and Renewable Heat Incentive (RHI) income. Overspend on postage, utilities increases, project costs, works costs and increased provisions costs; offset by rates rebate (£1.2m). Underspend of (£1.1m) Vacancies in first half of year and reduction in bank availability.</p> <p>COVID-19: Staff costs of £4.5m for year, made up of porters, cleaners and maintenance. Non pay costs of £1.3m relating to; continued loss of income from canteen activity, remedial works to sites, additional laundry and cleaning costs.</p>
USC WGH	3.3	3.1	6.4	<p>Non COVID-19: Nursing vacancies of 35% (93 wte) creating pressure on Rotas resulting in a cost pressure above variable pay funding of £1.9m, further impacted by Medical and Dental £0.3m as a result of vacancies covered by high cost agency, Non Pay costs of £0.8m, primarily Clinical supplies and drugs.</p> <p>COVID-19: £1.5m Nursing, £1.2m HCSWs and £0.2m Medical. Puffin Ward was closed in September.</p>
USC PPH	2.6	2.8	5.4	<p>Non COVID-19: Nursing cost pressures of £1.0m, M&D £0.8m overspend, due to the historical funding shortfall against Consultants and increased locum costs covering sickness and vacancies. Non Pay overspend £0.8m primarily driven by Insulin Pump Consumables (mainly due to increased activities) offset by drugs £(0.3)m;</p> <p>COVID-19: Pay mainly driven by Additional Clinical Services £0.8m and Nursing & Midwifery £0.8m. Acute Surge Capacity £0.4m against RNs and HCSWs. Non Pay overspend driven by Homecare drugs costs £0.9m.</p>

Directorate	Non COVID-19	COVID-19	Total	Operational Driver
USC GGH	3.3	1.7	5.0	<p>Non COVID-19: Nursing cost pressures of £2.2m partly offset by Medical, A&C and Healthcare Sciences due to vacancies. Drugs £0.5m mainly due to recent increases of high cost drugs across shortages of some drugs are resulting in pharmacy using alternative sometimes higher cost;</p> <p>COVID-19: Pay costs £1.4m: mainly HCSW £0.5m for fixed time relating to Towy Ward, M&D £0.3m covering medical wards & to Padarn Ward and Towy Ward being designated COVID-19 Pay costs £0.3m: Drugs £0.2m (relating to Padarn and Towy)</p>
USC Bronglais General Hospital (BGH)	2.5	1.7	4.2	<p>Non COVID-19: Continuation of pressures on site driving RN available funding by £0.9m. Non pay overspend £0.6m predominantly drugs and consumables, correlating with increased activity of £0.8m due to financial impact of increased consultant sessions levels of sickness and, on average, 9 medical vacancies;</p> <p>COVID-19: Pay costs for RN and HCSW to support additional as well as Variable pay cover for COVID-19/Infectious diseases additional Red/Green pathways supporting the COVID-19 response</p>
Digital	3.3	0.4	3.7	<p>Non COVID-19: Mobile phone contract increases £0.4m and £0.2m, BT and Maintel cost increase £0.2m, increased staff Lightfoot invoices £0.1m, Recruitment Agency Intro fees £0.2 Software Purchase £0.5m. Agency Fees £0.2m due to PO/in Expenditure of £0.8m (Social Prescribing software, Microsoft Virtual Hospital Model). Income reductions £0.4m.</p> <p>COVID-19: COVID-19 Letters Postage, Synertec Ltd £0.4m and support £0.1m.</p>
Mental Health and Learning Disabilities (MHLDD)	(4.0)	0.0	(4.0)	<p>Non COVID-19: Driven by vacancies in Nursing £3.3m, offset £1.1m, HCSW vacancies £1.0m with high bank usage of £1.1 qualified and unqualified shifts. Medical overall position is £0 on agency staff £0.8m to cover vacancies. Community Health overspends</p>